

AMENDED IN ASSEMBLY MAY 27, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

AMENDED IN ASSEMBLY APRIL 21, 2005

AMENDED IN ASSEMBLY APRIL 7, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 1388

Introduced by Assembly Member Ridley-Thomas

February 22, 2005

An act to ~~add Section 16320.5 to the Government Code, and to~~ amend Section 280 of, and to add and repeal Section 280.1 of, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1388, as amended, Ridley-Thomas. Telecommunications: California Teleconnect Fund Administrative Committee Fund: Community Based Supplemental Education Demonstration Grant Program and Telemedicine Demonstration Grant Program.

Existing law establishes the California Teleconnect Fund Administrative Committee to advise the Public Utilities Commission regarding the commission's responsibilities for the development, implementation, and administration of a program to advance universal telephone service by providing discounted rates to qualifying schools, libraries, hospitals, health clinics, and community organizations. Existing law establishes the California Teleconnect Fund Administrative Committee Fund in the State Treasury, and provides that moneys in the fund, collected by telephone corporations in utility rates authorized by the commission and deposited into the fund, may only be expended for the purposes authorized, upon appropriation in

the annual Budget Act. The annual Budget Act for 2003 provided for a loan of \$150,000,000 to the General Fund from the California Teleconnect Fund Administrative Committee Fund. Existing law provides for the repayment of that loan.

This bill would ~~provide that the moneys loaned by the fund to the General Fund in the annual Budget Act of 2003, be repaid to the fund in annual amounts of at least \$10,000,000 principal on the loan, and interest on the loan. The~~ *authorize the* commission ~~would be authorized to~~ establish, until January 1, ~~2023~~ 2013, a Community Based Supplemental Education Demonstration Grant Program and a Telemedicine Demonstration Grant Program, meeting certain requirements, with all funding for the programs coming from the moneys repaid to the fund from the moneys loaned by the fund to the General Fund in the annual Budget Act of 2003. Awards under the grant programs would be for the use of advanced telecommunications networks to deliver supplemental education services to pupils and *to provide* telemedicine services.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 16320.5 is added to the Government~~
2 ~~Code, to read:~~
3 ~~16320.5. (a) Notwithstanding Section 16320, the Director of~~
4 ~~Finance shall, commencing with the 2006-07 fiscal year and~~
5 ~~each fiscal year thereafter, transfer moneys from the General~~
6 ~~Fund to the California Teleconnect Fund Administrative~~
7 ~~Committee Fund, to reimburse the fund, over a 15-year period,~~
8 ~~for the amount loaned to the General Fund by the fund pursuant~~
9 ~~to Item 8660-011-0493 of Section 2.00 of Chapter 157 of the~~
10 ~~Statutes of 2003. The amount transferred shall include at least ten~~
11 ~~million dollars (\$10,000,000) for the repayment of principal on~~
12 ~~the loan, and interest on the loan.~~

1 ~~(b) This subdivision shall remain in effect only until the earlier~~
2 ~~of January 1, 2023, or until the Director of Finance determines~~
3 ~~that the principal and interest on the amount loaned to the~~
4 ~~General Fund pursuant to Item 8660-011-0493 of Section 2.00 of~~
5 ~~Chapter 157 of the Statutes of 2003 has been repaid.~~

6 ~~SEC. 2.—~~

7 *SECTION 1.* Section 280 of the Public Utilities Code is
8 amended to read:

9 280. (a) The commission shall develop, implement, and
10 administer a program to advance universal service by providing
11 discounted rates to qualifying schools, libraries, hospitals, health
12 clinics, and community organizations, consistent with Chapter
13 278 of the Statutes of 1994.

14 (b) There is hereby created the California Teleconnect Fund
15 Administrative Committee, which is an advisory board to advise
16 the commission regarding the development, implementation, and
17 administration of a program to advance universal service by
18 providing discounted rates to qualifying schools, libraries,
19 hospitals, health clinics, and community organizations, consistent
20 with Chapter 278 of the Statutes of 1994, and to carry out the
21 program pursuant to the commission's direction, control, and
22 approval.

23 (c) All revenues collected by telephone corporations in rates
24 authorized by the commission to fund the program specified in
25 subdivision (a) shall be submitted to the commission pursuant to
26 a schedule established by the commission. Commencing on
27 October 1, 2001, and continuing thereafter, the commission shall
28 transfer the moneys received, and all unexpended revenues
29 collected prior to October 1, 2001, to the Controller for deposit in
30 the California Teleconnect Fund Administrative Committee
31 Fund. All interest earned by moneys in the fund shall be
32 deposited in the fund.

33 (d) Moneys appropriated from the California Teleconnect
34 Fund Administrative Committee Fund to the commission shall be
35 utilized exclusively by the commission for the program specified
36 in subdivision (a) and Section 280.1, including all costs of the
37 board and the commission associated with the administration and
38 oversight of the program and the fund.

39 (e) Moneys loaned from the California Teleconnect Fund
40 Administrative Committee Fund to the General Fund in the

1 ~~Budget Act of 2003, pursuant to Item 8660-011-0493 of Section~~
2 ~~2.00 of Chapter 157 of the Statutes of 2003, are subject to~~
3 ~~Section 16320.5 of the Government Code. Budget Act of 2003~~
4 ~~are subject to Section 16320 of the Government Code. If the~~
5 ~~commission determines a need for moneys in the California~~
6 ~~Teleconnect Fund Administrative Committee Fund, the~~
7 ~~commission shall notify the Director of Finance of the need, as~~
8 ~~specified in Section 16320 of the Government Code. The~~
9 ~~commission may not increase the rates authorized by the~~
10 ~~commission to fund the program specified in subdivision (b)~~
11 ~~while moneys loaned from the California Teleconnect Fund~~
12 ~~Administrative Committee Fund in the Budget Act of 2003 are~~
13 ~~outstanding unless both of the following conditions are satisfied:~~

14 *(1) The Director of Finance, after making a determination*
15 *pursuant to subdivision (b) of Section 16320 of the Government*
16 *Code, does not order repayment of all or a portion of any loan*
17 *from the California Teleconnect Fund Administrative Committee*
18 *Fund within 30 days of notification by the commission of the*
19 *need for the moneys.*

20 *(2) The commission notifies the Director of Finance and the*
21 *Chairperson of the Joint Legislative Budget Committee in writing*
22 *that it intends to increase the rates authorized by the commission*
23 *to fund the program specified in subdivision (a). The notification*
24 *required pursuant to this paragraph shall be made 30 days in*
25 *advance of the intended rate increase.*

26 *(f) Subdivision (e) shall become inoperative upon full*
27 *repayment or discharge of all moneys loaned from the California*
28 *Teleconnect Fund Administrative Committee Fund in the Budget*
29 ~~Act of 2003, pursuant to Item 8660-011-0493 of Section 2.00 of~~
30 ~~Chapter 157 of the Statutes of 2003. Act of 2003.~~

31 SEC. 3 Section 280.1 is added to the Public Utilities Code, to
32 read:

33 280.1. (a) Moneys repaid to the California Teleconnect Fund
34 Administrative Committee Fund pursuant to ~~Section 16320.5~~
35 ~~16320~~ of the Government Code, shall be deposited into the fund
36 and upon appropriation by the Legislature, may be expended for
37 the purpose of providing advanced telecommunication network
38 services to community technology programs that deliver
39 supplemental education services to pupils in grades 6 to 12,

1 inclusive, and to health care facilities that offer telemedicine
2 services.

3 (b) For purposes of this section, the following terms have the
4 following meanings:

5 (1) “Administering entity” means the entity selected pursuant
6 to subdivision (c).

7 (2) “Community technology program” means a program that is
8 engaged in diffusing telecommunications technology in local
9 communities and training local communities in the use of
10 telecommunications technology, that otherwise would have no
11 access, or only limited access, to the Internet and other advanced
12 telecommunications technologies.

13 (3) “Health care facility” means a facility that provides health
14 care services directly to patients, including, but not limited to, a
15 hospital *that meets the definition of a small or rural hospital as*
16 *defined by the Office of Statewide Health Planning and*
17 *Development*, a clinic, including a licensed primary care clinic as
18 defined in paragraph (1) of subdivision (a) of Section 1204 of the
19 Health and Safety Code, a tribal health clinic exempt from state
20 licensing pursuant to subdivision (c) of Section 1206 of the
21 Health and Safety Code, and a nonprofit rural health clinic, as
22 defined in federal Public Law 95-210, a diagnostic or treatment
23 center, a neuropsychiatric or mental health facility, a hospice, or
24 a nursing home, and meets all of the following criteria:

25 (A) It has tax-exempt status pursuant to paragraph (3) of
26 subsection (c) of Section 501 of the Internal Revenue Code.

27 ~~(B) It meets the definition of a nonprofit small or rural hospital~~
28 ~~as defined by the Office of Statewide Health Planning and~~
29 ~~Development.~~

30 ~~(C)–~~

31 (B) It is located in a geographic area that is either deemed
32 under federal law, or designated by the Office of Statewide
33 Health Planning and Development, as a medically underserved
34 area, a health professional shortage area, or as serving, in whole
35 or in part, a medically underserved population.

36 (4) “Online learning resources” means community
37 telecommunications technology programs involved in activities
38 that include one or more of the following:

39 (A) Providing pupils with access to online courses in subject
40 areas required for graduation from middle school or high school.

1 (B) Providing pupils with access to online tutoring or to
2 support pupils' work in subject areas required for graduation
3 from middle school or high school.

4 (C) Providing pupils with a tutor that provides assistance with
5 accessing online information and digital resources for use as part
6 of homework assignments.

7 (D) Providing pupils with a tutor who will provide remedial
8 instruction using online resources.

9 (E) Preparing pupils for employment using online courses or
10 materials, or by enabling online collaboration with industry
11 professionals.

12 (F) Online coaching provided by high school or college
13 counselors or financial aid experts.

14 (5) "Telemedicine" means the practice of health care delivery,
15 diagnosis, consultation, treatment, transfer of medical data, and
16 education using interactive audio, video, or data
17 communications, consistent with Section 2290.5 of the Business
18 and Professions Code.

19 (c) The commission, in consultation with the California
20 Teleconnect Fund Administrative Committee, ~~shall~~ *may* appoint
21 a third-party administrator, or more than one administrator, to
22 administer the grant programs that may be established under this
23 section, upon the ~~transfer~~ *repayment* of moneys from the General
24 Fund to the California Teleconnect Fund Administrative
25 Committee Fund pursuant to Section ~~16230.5~~ *16320* of the
26 Government Code. Any third-party administrator appointed by
27 the commission shall demonstrate all of the following:

28 (1) Experience working with low-income or underserved
29 communities.

30 (2) Knowledge about, and experience in, community
31 technology programs.

32 (3) The ability to implement a process for applying for and
33 ~~awarding~~ *recommending the awarding of* grants that results in
34 grants being awarded based upon merit.

35 (4) Experience and responsibility in managing and
36 administering public trust or charitable funds.

37 (d) (1) Not more than the lesser of 5 percent of the moneys
38 ~~transferred to the California Teleconnect Fund Administrative~~
39 ~~Committee Fund pursuant to Section 16320.5 of the Government~~
40 ~~Code or five hundred thousand dollars~~ *appropriated pursuant to*

1 *this section or five hundred thousand dollars (\$500,000) per*
2 *fiscal year, may be expended for the state's administration,*
3 *including the costs of the commission and the administering*
4 *entity.*

5 (2) Upon notification by the ~~administering entity~~ *commission,*
6 the Controller shall pay all grant awards, for the purposes
7 enumerated in this section from the moneys ~~transferred to the~~
8 ~~California Teleconnect Fund Administrative Committee Fund~~
9 ~~pursuant to Section 16320.5 of the Government Code.~~ The
10 ~~eligibility of each award shall be determined solely by~~
11 ~~appropriated pursuant to this section.~~ *The eligibility of each*
12 *award shall be determined by the administering entity, consistent*
13 *with any procedures or rules adopted by the commission in*
14 *consultation with the California—Teleconnect—Fund*
15 *Administrative Committee.* Based on the eligibility of each
16 award, the administering entity shall also establish the need for a
17 multiyear commitment to any particular award and so advise the
18 Department of Finance. Eligible awards submitted by the
19 administering entity to the Controller shall be accompanied by
20 information specifying the program from which payment should
21 be made and the amount of each payment, a summary description
22 of how payment of the award furthers the purposes enumerated
23 in this section, and an accounting of future costs associated with
24 any award or group of awards known to the administering entity
25 to represent a portion of a multiyear funding commitment.

26 (e) (1) Upon the transfer of moneys from the General Fund to
27 the ~~California Teleconnect Fund Administrative Committee Fund~~
28 ~~pursuant to Section 16320.5 of the Government Code,~~ the
29 ~~commission may establish the~~ *Teleconnect Fund Administrative*
30 *Committee.* *The commission shall award grants based on the*
31 *commission's review of the recommendations of the*
32 *administering entity.*

33 (e) (1) *Upon the appropriation of moneys pursuant to this*
34 *section, the commission may establish the Community Based*
35 *Supplemental Education Demonstration Grant Program to*
36 *demonstrate the benefits of community technology programs that*
37 *use the advanced telecommunications networks of California's*
38 *educational entities to deliver supplemental educational services*
39 *to pupils.*

(2) Consistent with any procedures or rules established by the commission, in consultation with the California Teleconnect Fund Administrative Committee, the ~~administering entity selected by the commission pursuant to subdivision (c), shall~~ *commission may* provide community technology programs with grants pursuant to the Community Based Supplemental Education Demonstration Grant Program. Grants shall be awarded on the basis of competitive merit, for a three-year period, subject to criteria to be established by the commission, in consultation with the California Teleconnect Fund Administrative Committee, ~~by July 1, 2006~~. The criteria shall ensure that funds are widely disbursed, and available to both urban and rural areas. Grants shall be awarded to qualifying community-based nonprofit organizations that are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code for the purpose of funding projects that demonstrate the capacity for community technology programs to increase the academic achievement of pupils in grades 6 to 12, inclusive, through the use of online learning resources. Grants may be renewed on an ongoing basis, every three years, provided that the community technology program can demonstrate that the program has contributed to the academic achievement of pupils served.

(3) ~~Beginning July 1, 2006, a~~ A community technology program may apply for and receive grants pursuant to the Community Based Supplemental Education Demonstration Grant Program, to pay costs associated with all of the following:

(A) All of the one-time costs for installing circuits that transmit data at or above 1.54 megabytes-per-second between the community technology program's site and a county office of education, a campus of the California Community Colleges, a campus of the California State University, or a campus of the University of California.

(B) Up to an additional 30 percent of the amount that the community technology program is otherwise eligible to receive pursuant to ~~Section 280~~ *this section*.

(C) Up to 50 percent of the estimated amount that a campus of the California Community Colleges, a campus of the California State University, or a campus of the University of California would otherwise be eligible to receive if the campus were eligible to receive discounts pursuant to Section 280 and had a

1 155 megabit-per-second connection from the campus to the
2 backbone network used by the higher education segments, not
3 including any costs related solely to telephone service.

4 (4) Recipients of grants under the Community Based
5 Supplemental Education Demonstration Grant Program shall be
6 required, as a condition for the receipt of moneys under the
7 program, to annually report to the commission by January 1 of
8 each year, that information required by the commission to
9 evaluate the effectiveness of the program.

10 (5) The commission shall report to the Governor and the
11 Legislature by April 1 of each year, on the results of the
12 Community Based Supplemental Education Demonstration Grant
13 Program, including the effect of the program on broadband
14 subscription.

15 (6) The procedures and rules for awarding grants shall ensure
16 that the grants awarded do not exceed annual moneys available to
17 support the program and that no one applicant receive more than
18 25 percent of the designated program funds in a single fiscal
19 year.

20 (7) Any costs associated with the Community Based
21 Supplemental Education Demonstration Grant Program shall
22 only be paid from the California Teleconnect Fund
23 Administrative Committee Fund.

24 ~~(f) (1) Upon the transfer of moneys from the General Fund to~~
25 ~~the California Teleconnect Fund Administrative Committee Fund~~
26 ~~pursuant to Section 16320.5 of the Government Code, the~~
27 ~~commission may establish the~~

28 *(f) (1) Upon appropriation of moneys pursuant to this section,*
29 *the commission may establish the Telemedicine Demonstration*
30 *Grant Program to demonstrate the benefits of health care*
31 *facilities that use advanced telecommunications networks of*
32 *California educational entities or other public networks to deliver*
33 *telemedicine services.*

34 (2) Consistent with any procedures or rules established by the
35 commission, in consultation with the California Teleconnect
36 ~~Fund Administrative Committee, an administering entity selected~~
37 ~~by the commission pursuant to subdivision (e), may provide~~
38 *Fund Administrative Committee, the commission may provide*
39 health care facilities with telemedicine grants pursuant to the
40 Telemedicine Demonstration Grant Program. Grants shall be

1 awarded on the basis of competitive merit, for a three-year
2 period, subject to criteria to be established by the commission, in
3 consultation with the California Teleconnect Fund
4 Administrative Committee, ~~by July 1, 2006~~. The criteria shall
5 ensure that funds are widely disbursed, and available to both
6 urban and rural areas. Grants shall be awarded to a qualifying
7 health care facility approved for discounts pursuant to Section
8 280. Grants may be renewed on an ongoing basis every three
9 years, provided that the health care facility can demonstrate
10 effective utilization of telemedicine resources by the local
11 community.

12 (3) ~~Beginning July 1, 2006, a~~ qualifying health care facility
13 may apply for and receive grants pursuant to the Telemedicine
14 Demonstration Grant Program, to pay costs associated with all of
15 the following:

16 (A) All of the one-time costs for installing circuits that
17 transmit data at or above 1.54 megabytes-per-second between the
18 health care facility and a county office of education, a campus of
19 the California State University, or a campus of the University of
20 California *that agrees to provide a gateway to the education*
21 *network or to provide telemedicine services as defined in Section*
22 *2290.5 of the Business and Professions Code. The purpose of*
23 *providing the gateway is to provide the eligible health care*
24 *facility access to telecommunications services needed to provide*
25 *telemedicine services and to provide access to high-speed*
26 *Internet services.*

27 (B) Up to an additional 30 percent of the amount that the
28 health care facility is otherwise eligible to receive pursuant to
29 ~~Section 280~~ *this section*.

30 (C) Up to 50 percent of the estimated amount that a campus of
31 the California Community Colleges, a campus of the California
32 State University, or a campus of the University of California
33 would otherwise be eligible to receive if the campus were
34 eligible to receive discounts pursuant to Section 280 and had a
35 155 megabit-per-second connection from the campus to the
36 backbone network used by the higher education segments, not
37 including any costs related solely to telephone service.

38 (4) Recipients of grants under the Telemedicine
39 Demonstration Grant Program shall be required, as a condition
40 for receipt of moneys under the program, to annually report to

1 the commission by January 1 of each year, that information
2 required by the commission to evaluate the effectiveness of the
3 program.

4 (5) The commission shall report to the Governor and the
5 Legislature by April 1 of each year, on the results of the
6 Telemedicine Demonstration Grant Program.

7 (6) The procedures and rules for awarding grants shall ensure
8 that the grants awarded do not exceed annual moneys available to
9 support the program and that no one applicant receives more than
10 25 percent of the designated program funds in a single fiscal
11 year.

12 (7) Any costs associated with the Telemedicine Demonstration
13 Grant Program shall only be paid from the California
14 Teleconnect Fund Administrative Committee Fund.

15 (g) This section shall remain in effect only until January 1,
16 ~~2023~~ 2013, and as of that date is repealed, unless a later enacted
17 statute, that is enacted before January 1, ~~2023~~ 2013, deletes or
18 extends that date.